

Date: 8<sup>th</sup> August, 2025

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Scrip Code: 540879

Symbol: APOLLO

ISIN: INE713T01028

**Subject: Transcript of the Earnings Conference Call held on November 05, 2025 under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30, read with Part A of Schedule III, and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and further to our intimation dated October 29, 2025, regarding schedule of the Earnings Conference Call with investors, we wish to inform you that the conference call was held on Wednesday, November 5, 2025.

Transcript of the above-mentioned Earnings Conference Call is attached herewith and can also be accessed at: <https://apollo-micro.com>

We request you to take the above on record.

Thanking You

Yours Faithfully

**FOR APOLLO MICRO SYSTEMS LIMITED**

**BADDAM KARUNAKAR REDDY**  
**MANAGING DIRECTOR**  
**DIN: 00790139**

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“Apollo Micro Systems Limited  
Q2 FY '26 Earnings Conference Call”  
November 05, 2025



**MANAGEMENT:** **MR. BADDAM KARUNAKAR REDDY – MANAGING  
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MR. ADDEPALLI SAI KRISHNA KUMAR – WHOLE-TIME  
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**MODERATOR:** **MR. MOHIT LOHIA – ICICI SECURITIES**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Apollo Micro Systems Q2 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Mohit Lohia from ICICI Securities. Thank you and over to you, sir.

**Mohit Lohia:**

Yes, hi. Good morning, everyone. Thank you for joining us today for Q2 and H1 FY26 Earnings Call of Apollo Micro Systems Limited. First of all, I would like to thank management for providing us the opportunity to host this call. From the management side, we have Mr. Baddam Karunakar Reddy, Managing Director, Mr. Addepalli Sai Krishna Kumar, Whole-Time Director Operations, Mr. Sudarshan Chiluveru, Chief Financial Officer of the company. So without further delay, I would now hand over the call to management for the opening remarks. Thank you and over to you, sir.

**Management:**

Thank you so much. Good morning, everyone. Happy Guru Purnima to all of you. Thank you for being with us today. It's always a privilege to engage with our valued investors and provide updates on our performance strategy and future outlook. I am pleased to share that we have delivered our highest ever quarterly revenue and PAT marked by consistent execution, operational discipline and a strong commitment to indigenization and the Make in India initiative.

I trust you have had the opportunity to review our financial results, letter to shareholders and press release and investor presentation. This marks our second interaction for the fiscal year 2026. Let me first take you through our consolidated performance for half yearly and second quarter ended September 30th 2025.

H1 FY26 marked another period of strong growth and operational excellence. As we continue to build on the remarkable momentum achieved in FY25 revenue grew by 42% semi-annually to INR359 crores up from INR250 crores in H2 FY25 which is almost in line with the kind of a guidance that we have been giving. Supported by steady execution of our healthy order book and the seamless ramp-up of several products into serial production EBITDA stood at INR100 crores reflecting a robust 81% semi-annual increase.

EBITDA margin also expanded by 600 basis points to 28% in H1 FY26 compared to 22% in H2 FY25. Underscoring our sustained focus on the productivity improvement and cost optimization. Profit after tax rose sharply by 97% year-on-year basis to 48 crores as against INR24 crores in H2 FY25.

The PAT margin improved by 330 basis points reaching 13.3% in H1 FY26 driven by enhanced operational efficiency and a more favorable product mix. In Q2 FY26 we delivered another outstanding performance continuing on the momentum from a landmark FY25 revenue surged by 69% quarter-on-quarter basis to INR225 crores up from 134 crores in Q1 FY26. A result of

our robust order book execution and successful transition of multiple products into the production phase.

Our EBITDA rose sharply by 45% reaching INR59 crores in Q2 FY26. PAT registered 70% quarter-on-quarter increase to INR30 crores compared to INR18 crores in the previous quarter. These results underscore our continued operational excellence and reaffirm the strength of our growth trajectory into FY26 and beyond.

We are pleased to begin with two significant milestones that marked our continued growth and global progress. First, updating on the corporate actions. On the capex side, Unit 3 Phase 1 Single structure is complete.

Phase 2 civil structure has already started and partial production in the phase 1 has already started and the full-fledged production will be starting from end of this financial year or probably by Q1 next financial year. As far as the exposition point of view is concerned, we have already paid INR107 crores for acquiring 100% equity of Ideal Explosives Limited which we have already informed to all our investors. Looking ahead, we expect revenue to grow at a CAGR of 45% to 50% over FY26 and FY27 driven solely by the core business excluding any contributions from the recent acquisition.

This growth is underpinned by a healthy order book and multiple products entering the production phase one after the other. We have evolved from being a subsystem and systems manufacturer to establishing ourselves as a full-fledged weapons manufacturer, a significant milestone in our journey of growth and technological excellence.

Building on 40 years of technological excellence, we are poised to evolve into a multidisciplinary defense system powerhouse to drive next-generation innovation. Our vision is bold, built on strong fundamentals and an unwavering commitment to creating value for our stakeholders. Thank you for your continued trust and support. We now look forward to addressing your questions.

**Moderator:**

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Nilabja Dey from Ashmore Research. Please go ahead.

**Nilabja Dey:**

Sir, good morning and congratulations on an excellent set of numbers. I think you are on your trajectory of maintaining the guidance. Sir, actually my fundamental question like in case I go through your presentations very carefully, you have a strong dependence on the domestic sector, everything, but how you are thinking of managing or catching up the whole defense pain happening specifically in Europe and what about the strategic tie-up because some of your competitions are already doing the same.

They are connecting with some of Europe's key defense manufacturing companies. So, because there is a domestic cyclicity of these orders, we know how difficult sometimes it becomes. Can you throw some light on how you are going to tackle that exports and tying strategic tie-ups and building more international footprint?

**Management:**

Yes, thank you so much and for keenly understanding what we are doing. So, primarily, we have been an out-and-out technology development company. I mean, it's a core technology development rather than a system integration company or a lead integration company right from the beginning actually.

Of late, we have been working for last 40 years with DRDO programs primarily and as we have already told you several times that we have presence in every indigenous missile program of DRDO. Last few years, as you rightly pointed out, last few years we have started trying to look forward to making a complete system or a platform by ourselves.

So, our journey on this particular direction has started a bit late compared to other lead integrators who are actually getting a tie-up with other companies and doing a system integrating job. We caught up a little bit late, but carried by a huge technological experience that we have and right from a system and a subsystem level, we have recently started entering a strategic tie-up with different companies which we have recently also announced that we have entered in partnership with an American company for developing a rocket motor where the complete Grad rocket is being developed by us.

We already have few interest coming up in different countries. We also have been communicating with you that we have certain technologies which are already matured in the naval domain, which we are talking to different companies from different countries. We have submitted our proposals.

We also submitted the request to MOD to give us a clearance for export of such technologies. These being a very sensitive system, it will take some time. But the interest is very long and multiple due diligence are already taken up by these service companies from different countries, particularly from Middle East and from the European region.

Going forward, you will see that we will be able to clinch a big-ticket project for these technologies. I wish you would appreciate the point that these will be 100% indigenous technologies rather than just being a lead integration system export.

**Management:**

Our participation is there. Domestic projects, number of programs, our participation is there. With our present facility, we are not able to take up even foreign orders. I think we have already announced one project, a good project from the UK. We are holding one order. It is the INR113 crores order we are holding and we are expecting more and more orders from Saudi also. We are expecting some orders and Europe side also we are expecting some orders.

It is going on. Unit 3 is ready then a number of people visited already there. In fact, we are time to time, we are updating overseas companies. Once our facility is ready, they want to come and audit our facility and they want to have a MOU with us.

Like last time, a big team has visited, almost six or one people team has visited the present facility. They visited, they are so happy and they have even visited our upcoming units also. Once we are fully operational, then we are going to enter into a MOU.

**Nilabja Dey:**

Surely, sir. We wish you all the best. Thank you.

**Moderator:** Thank you. The next question is from the line of Divyesh Shah from Uchit Capital. Please go ahead.

**Divyesh Shah:** Hello. Sir, first of all, congratulations for very good results. And, sir, my two, three questions regarding growth of our company. Since we have completed the corporate action about acquisitions of IDL, IDL is now 100% subsidiary of our company. Sir, can you please elaborate on what will be our strategy for IDL for a short term for one year and for a long term of three years?

Where do you see the IDL after three years because as a Layman Investor, as far as the explosive is concerned, we see a huge opportunity and only listed entity for a listed entity is solar industry. So, we tend to compare IDL with the solar industry. So, what is management view about IDL? So, can you elaborate about the IDL strategy? Then I will come up with next question, sir, please?

**Management:** Thank you, Divyesh. So, very rightful question. But I will be able to give you a very short glimpse, not a very detailed one at this point of time, because we are evolving a much detailed presentation on it. We will come back to investors and do it subsequently. But broadly, I will tell you, which we have already given a rationale for acquiring this company. I would not like to take any of my other companies name.

They are all one of my big customers as well and also a competition to some extent. So, the point here is that the acquisition of IDL is both backward as well as a forward integration for us. That's point number one. So, several of the systems that have already got matured, we want an explosive chain also to be available with us. That's how we have started looking for an explosive company for acquisition. That's how we have acquired IDL Explosive.

So, point number two is that individually, as an explosive company, we would be moving towards a direction of manufacturing critical high energy explosives in IDL Explosive and also creating a multiple filling lines for different calibers of artillery as well as for the weapons actually.

So, for which we have already started preparing proposals for it and we have already negotiating with some of the manufacturers for acquiring the machinery. All such aspects of it, we have already started taking. You will get to hear a lot of actions happening on IDL Explosives.

I think in the next one big 10 days onwards, we will keep announcing on it. We are entering into some strategic relationship with different companies, both domestic as well as international, along with the existing capital requirement that Apollo has. So, this is a glimpse of what we wanted to share with you as of now. More in detail, we will keep you posted. But broadly, I can tell largely to all investors that a lot of initiatives are being planned. Specific consultants are appointed for complete overhaul of IDL Explosives. You will get to hear from time to time, sir.

**Divyesh Shah:** But sir, my gut feeling is that IDL can be as good as or bigger than Apollo itself. So, is it a possibility after three years?

**Management:** On the Guru Purnima day, why should I say no, sir?

- Divyesh Shah:** That's a positive answer.
- Management:** We are thinking big, we are aiming big, that much we can say.
- Divyesh Shah:** And sir, my second question is regarding our growth prospects, capex for Unit 3. I think first phase is just operational, started. And I think it will be over by March 26 or first quarter, as you know in your opening remarks. So, generally, last year you have projected a growth of about 45% to 50% for Apollo. So, after Unit 3 starts first phase, so what is your expectations for growth for financial year '27, generally?
- Management:** If you compare the present facility and once Unit 3 is ready, we are enhancing our capacity to eight times. Present this thing to, once our Unit 3 is ready, it is almost eight times enhancing the production capacity. And same time, a lot of domestic, this thing also, government is one by one they are cleaning.
- Maybe before this financial year, we are expecting good orders from our MOD itself. And also, once Unit 3 is ready, we are also going to sign MY with some of the overseas companies also. Good growth will be there once we start Unit 3.
- Divyesh Shah:** And, sir, my last question about the EBITDA margin. I think in the previous conference call, you have just cautioned us that the EBITDA margin in second quarter will be a little bit less. And this quarter, EBITDA margin is about 26.3%. So, can we consider this EBITDA margin as the lowest or still we can go lower?
- Management:** Sir, we have been telling constantly that there will be a revenue growth, but sometimes in some quarters, some of the projects will get stayed up faster. Some of the projects will get slowed down based on the end customer requirement, where one common customer, we are handling multiple projects.
- So, depending upon the product mix, certain margin levels, small here and there, small variation will be there. But the momentum is definitely not going to be disappointing for any one of us, actually. That is how I know broadly with the kind of the current order book that we have. That is all I can comment as of now.
- Divyesh Shah:** Okay, sir. Thank you and all the best, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Rupesh from Long Equity Partners. Please go ahead.
- Rupesh:** Hello, sir. Thank you for the opportunity and congratulations on fantastic results. I have two questions. First question, sir, is recently we won a ToT for Mechatronic Fuse for Grenades. So, can you just give some color around the opportunity size, when will the ToT be completed, when can we see some trial orders, commercial orders, some color around that?
- And then the second question is on the naval component. So, I think we are present in all torpedo programs, ALWT, LWT, Varunastra and I think some of the orders I think are there. So, if you can, for each of the three programs, if you can tell where we are, how many and what is the

opportunity size, when will we receive the order, when will it be executed? So, these are the two questions.

**Management:**

Sir, size at this point of time, we are restricted to give you the size of the opportunity, but ALWT AON approval has already come, which is there in the market last couple of weeks back, Ministry of Defense already given. You will also see a good order flowing for EHWT to Bharat Dynamics Limited from Indian Navy and we having a significant participation in the program, we are also going to get.

Most likely that this EHWT order, most likely we may get within March, is what we are getting to know as of now. So, ALWT AON has already released, once the tender is out, BDL is a partner for it and our share of business, we will be getting in that as well, sir.

**Rupesh:**

So, Varunastra and then the Mechatronic Fuse.

**Management:**

Mechatronic Fuse, recently we have taken a mechatronic, so basically a mechanical fuse. We have developed few mechanical and mechanical plus electronic fuses indigenously. But for certain applications, instead of redeveloping, we have taken a ToT from DRDO, which is applicable for certain motor applications, that is the thing.

The opportunity size is very big, it is a recent ToT. So, we will be absorbing the technology by developing a few prototypes in next one or two quarters and get it validated and something. I think in next one year down the line, I think we will start taking the opportunities. Already we have some interest coming up from various customers, that is how this fuse, ToT, we have started taking from DRDO.

**Rupesh:**

Okay, okay, sir. And final question, if I may squeeze in, sir. BrahMos, I think, is coming up with ER extended range and BrahMos engine. So, do we have some presence in that? And at least to me, it seems like in emergency procurement, that is one of the big programs. So, can you just comment on it?

**Management:**

BrahMos, the new version, our participation is that, one of the subsystems already we received orders, we are working on it. And other things, we have participated and they are going to decide any time, maybe next one month's time. Now, we are also expecting couple of projects from BrahMos also. One project already received.

**Rupesh:**

Sorry, go ahead, sir.

**Management:**

BrahMos, one project already we are doing. And if I remember correct, some five to six projects already we have participated, technical evaluation is going on. Once that completes, they are going to decide actually. We are expecting more and more orders from BrahMos next two, three months' time.

**Rupesh:**

What is the outlet at the program level, at ministry level? Do you have some number?

**Management:**

I think that's not appropriate to share. We have certain critical information, but I think it's not appropriate to share.



- Rupesh:** Okay. Okay, sir. I'll come back in the queue for more questions.
- Moderator:** Thank you. The next question is from the line of Pratik Bagadia who is an individual investor. Please go ahead.
- Pratik Bagadia:** Yes, hi. Good morning, sir. First of all, congratulations for a great set of numbers. And thanks for giving me this opportunity. So I have a few questions. First, I just wanted to talk about the promoter pledge part. So, as I can see in the September quarter, it has reduced to almost 35%. So just wanted to know if we are on track of the earlier guidance of getting it to zero by FY '26. Are we on track on that?
- Management:** Yes, like if you see, we are reducing. I think next one week time, we are going to see, you know, I think every month we are reducing something. Yes, definitely. Next six months' time, I'm going to close all the pledge part. That's what I'm planning.
- Pratik Bagadia:** Yes, okay. Thanks a lot for that answer. My second part I wanted to know is on the receivable side. So if we see our receivable is almost INR360 crores, that is close to Q1 and Q2 revenue. So can you throw some light on it as in, is it going to be the same going forward as well?
- Management:** So this financial year end, you will see a significant reduction in the receivables, actually. Some of the long gestation projects which the receivable, this thing is over. It has almost come to a final phases, actually. I think, Q3 to some extent visibility will be there. Q4 significant reduction will be there.
- Pratik Bagadia:** So I assume that going forward from FY '27 onwards, receivables should be on the lower side. Is my understanding correct?
- Management:** Yes, let us say we are doing more production orders. The receivable will, this thing will reduce. A production item, line of production will be there. Once we supply immediately within 30 day's time, we will be getting the same. If it is R&D development plus production order, it takes more time for the releasing acceptance and releasing payment.
- Pratik Bagadia:** Okay, okay. And so my final question is on the export side. So last time when we spoke about this, I think my understanding was that we do not directly apply for export orders, but via organizations like DRDO. So, I just wanted to understand what kind of opportunity do we see in the export side, the process, and probably in the next one or two years, what would be the revenue split between domestic and exports, if you can throw some light on this?
- Management:** See, primarily, there are two aspects of it. Certain technologies which we have developed where, you know, along with the DRDO, for that we need to take both DRDO approval and Ministry of Defense approval, both. Okay. Certain technologies which we have developed in-house, we just need to take a Ministry of Defense approval for exports. So this is how the process would be there for the type of business that we are currently working.
- As the day stands, we are having a little over about, INR100 crores opportunity of, you know, as an export order, which is presently a kind of a development project, actually. Okay. And it's a very critical avionic system. And as far as the mix is concerned, at this point of time, we are

not able to give any guidance for it. But in subsequent quarters, you know, as we get more such opportunities and orders, then we will be able to give further guidance on that.

**Pratik Bagadia:** So, but the process would remain the same that we are going to apply through organizations like DRDO. We are not directly going to apply for it?

**Management:** It is the same for any organization, it is the procedure we have to follow. Yes.

**Pratik Bagadia:** Okay. Okay. Thanks a lot, sir. Thank you and good luck.

**Management:** Yes. Thank you.

**Moderator:** Thank you. The next question is from the line of Anand from G K Globas. Please go ahead.

**Anand:** Sir, thank you for the fantastic presentation. Can you please elaborate on your order book?

**Management:** So, little less than INR800 crores is the order book as on September end, actually. Okay. Over and above that in last 1, 1.5 month, we have received a few more orders, you know, and little amount of production orders, but significant amount of new development orders for the next generation weapon programs and next generation platform programs, actually. So, that is how, you know, I can say.

**Anand:** And what is the execution timeline of this order book?

**Management:** So, we keep getting some short-term projects, some medium and long-term projects, but I think, as far as this financial is concerned, as the day stands, whatever guidance we have been given, you know, we are maintaining it and I think going forward for the next two quarters also we will be maintaining the similar guidance, actually.

**Anand:** Okay. Thank you, sir.

**Management:** Thank you.

**Moderator:** Thank you. The next question is from the line of Amit Kumar from HDFC Securities. Please go ahead.

**Amit Kumar:** Good morning, sir. First of all, congratulations to all of you for a great set of numbers. I wanted to understand about the proportion of developmental projects in overall pie compared to the production. So, maybe you can spend some time on explaining the proportion with respect to revenue, with respect to order book and in our product portfolio, how much would be the developmental proportion and how much of this is actually going towards production, from development to production it is moving. So, that would be helpful.

**Management:** 25% to 30% in between band, you know, is the production size compared to the development, development to core development, development cum production orders, actually. Going forward, it may increase up to 45%, you know, that is what we are contemplating.

As you all know that we are expecting some very large cap projects going forward, you know, for which all of us are waiting very eagerly, our infrastructure is getting ready, in all aspects we are fully getting geared up for it.

So, once that strikes, I think and then that revenue kicks off, you know, in once the order comes within two to three quarters, I think the revenue mix in terms of the production versus this can significantly vary, which will also anchor a lot of change in the overall revenue mix as well as, you know, the numbers that you see in the P&L and balance sheet as well.

It is a total demography change of the, you know, the numbers as well as both in terms of the working capital cycle and all, you will see a lot of change. But yes, presently this is the mix, broadly, I can say.

**Amit Kumar:** Sir, sorry, just to clarify, this 25%-30% you said is developmental as of now or otherwise?

**Management:** Production. Production.

**Amit Kumar:** Production. Okay. So, more of development right now, which will move into production and then the benefits. Okay.

**Management:** We have a footprint in almost every missile program of DRDO. So, you can imagine, like, you know, the development projects are numerous numbers, actually, and different types of technologies.

We are not a single type of technology company. There are a variety of technologies, different groups, different group heads and team leaders and engineer sets as an individual, like a company, you know, in our R&D chain. So, who are working on...

**Management:** More than 60% of subsystems, we at Apollo Microsystem is doing today.

**Amit Kumar:** Okay. Great to hear. And, sir, what would be the margin profile movement once the product moves from development to production? Some ballpark would be great to understand.

**Management:** It depends on the type of the system, type of technology. There is nothing like, you know, specific ballpark. And that too, similar technology for different application, it is different, actually. So, it's like that.

**Management:** Production will do more.

**Management:** But obviously, the production margins are higher compared to development.

**Amit Kumar:** So, basically, I'm trying to understand whether it is single-digit margin in development and production, it becomes 25%, 26% or so, or is it similar to each other? I mean, is there a stark difference?

**Management:** We don't want to hear such sensitive information.

**Management:** Hopefully, let us think.

**Amit Kumar:** Okay, no problem. Just last bit, that this proportion, if you can please guide that by FY26 and '27 and how this proportion would move? Maybe in 2 years down the line or so?

**Management:** I already told some anchoring projects, very large-cap projects we are expecting of, you know, this 25%, 30%, 35% will shift to 40%, 45% is what we can give you a broad guidance as of now.

**Amit Kumar:** Okay. Thank you so much, sir, and all the best for future quarters.

**Moderator:** Thank you. The next question is from the line of Pinkesh Jain from Shree Stockvision Securities Ltd. Please go ahead.

**Pinkesh Jain:** Hello.

**Management:** Yes, sir.

**Pinkesh Jain:** Yes. So, just wanted to check about the installation of new testing facilities, because earlier we said that this testing of all the products also take -- consumes a lot of time, which further elongates our working capital cycle. So, just if you can throw some light on that?

**Management:** Yes, yes. See, like present facility, we don't have every facility, like some of the facilities, we depend on DRDO facility and other private company facility we are using. Where you know like Unit 3, we are going to have all the facilities, like EMMC test is there, so it takes a lot of time, and we have to be maintained, you know, like 2, 3 months' time. In fact, we are losing every time. But once our facility is ready, then we can do in-house only, we can do all the testing. We are going to have all kinds of test facility in our Unit 3.

**Pinkesh Jain:** So, that completely, like, reduces our dependence on DRDO for the purpose of testing?

**Management:** Totally, 100% facility we are going to have in Unit 3.

**Pinkesh Jain:** Okay. And so, we will be spending a sizable capex on the testing facilities also, sir, out of the total capex?

**Management:** Around INR60 cores, we are spending only on test equipment.

**Pinkesh Jain:** Okay, okay, okay. And that also helps in reducing the working capital, right?

**Management:** That can reduce, like, execution time.

**Pinkesh Jain:** Execution, right, okay. Yes, thank you.

**Management:** Thank you.

**Moderator:** Thank you. The next question is from the line of Manish Gupta from Equinox Investment Advisors. Please go ahead.

**Manish Gupta:** Yes. Good morning, sir, and thank you for the opportunity. Sir, this is regarding newspaper reports that Indian government is actively considering to allow wholly owned subsidiaries of foreign defense manufacturers to qualify as Indian vendors. So, how that would affect, you

know, the domestic defense manufacturers in general, and let's say, I mean, Apollo Microsystem, in particular?

**Management:**

So, very interesting point you have raised. Particularly, you know, we would not say that, it's not a welcoming gesture, but definitely not a very good move is what we can say. But in one way, we can also say that by this fully owned companies, which are 100% investment by these companies.

Once these companies start establishing their offices here in India, a lot of further, you know, ecosystem also gets developed, and the existing ecosystems will have a share of improving upon their technological base and other things like, you know, and also a lot of opportunity, which will come to several companies like us.

So, it's a flip of the coin, like, in the both sides. Okay. So, majorly, if we see that, you know, if a very large cap companies are coming in terms of, for example, some kind of an aircraft manufacturing something, larger communities in terms of the medium scale, large scale and small scale industries also will get benefited. But certain areas and technologies that may still continue to have a dent.

But for Apollo Microsystems, both it's an advantage also. At the same time, we also see that, you know, our footprint is majorly with the DRDO and those programs are not going to have any effect by these, you know, foreign OEMs coming in fully setting up their shops back in the country. So, you will have to look at in that direction, both in the company perspective as a general perspective.

**Manish Gupta:**

Okay. So, the broad understanding that one should take away is that Apollo is not going to be largely affected by the advent of these companies in India, though some part of our, let's say, production or orders might get affected by the impending competition. Is that correct, sir?

**Management:**

Not related to strategic programs, of course, but yes, there are -- defense is an ocean of a kind of requirement, you know, there are various other. For example, now the MALE UAVs program, you know, a very large program is coming up. There is no such similar kind of a capability company presently available, which is mature.

So, obviously, some foreign OEM will come. The Ministry of Defense has stipulated that 50% of the system has to be indigenous, actually. So, it's a both advantage to some extent, and for certain players who are eyeing for certain type of things, it could be disadvantage. For a very large system integrators who are eyeing in a different way.

But we being at a medium level currently, you know, I think it's for next few years, I think we don't see a serious dent for us, actually. It could also result into some big opportunity.

**Management:**

Advantage only we'll get, yes.

**Manish Gupta:**

Okay. Okay. And sir, just a clarification, I think I heard that you said after Unit 3 is completed, your capacity will go up by 8x. So, is that correct, sir?

**Management:** Yes, sir.

**Manish Gupta:** All right. And how much is the capex for Unit 3, sir?

**Management:** Total INR250 crores, what we are investing.

**Manish Gupta:** All right. All right. Thank you, sir. I'll fall back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Shreyans Gathani from SG Securities. Please go ahead.

**Shreyans Gathani:** Hi, good afternoon, sir. I had a few questions. So, one was, in the presentation, we not mention of the RF strategy or any products related to RF. So, we've been talking about that for a while now in terms of an acquisition or so. If you could give an update on where we are with that and what business, you know, we have on that front?

**Management:** Yes. In fact, RF side is a senior level team. In fact, yesterday only one team has joined. Okay. And we are very good in sonar side. There are a lot of technologies we have established. And now we are working on the seeker electronics for various missile application.

And yesterday only some senior level team, you know, from some other company, three people have joined. And some more people, November end also some five, six people are joining. So, we are now going to concentrate on RF side also.

**Management:** The acquisition point of view, it is going a little slow, because we were trying to make a consolidation in the current existing acquisition that we have done. You know, once that gets completed, we'll start steering up the other one activity also. But yes, it's there on the cards.

**Shreyans Gathani:** Got it, got it. So, my second question is on the ideal capex. So, like for it does not currently cater to, you know, like a defense explosive as such. So, do we need additional capex on the ideal side to, you know, build capabilities in that front?

And also given the current balance sheet, like, will we need additional rounds of funding anytime soon, given the cash levels that we have? Or do you take on, do you look to take on additional debt, given the way we are growing and the working capital requirements?

**Management:** As I already answered to one of the other investor, you know, there are a lot of overhaul requirements that we would be doing in ideal explosive owing to the current balance sheet size and, you know, not in terms of the size, the health and other point of view.

From time to time, we'll keep you updated about it. Obviously, there's a lot of capex and many other initiatives that, you know, we would be doing in it. As and when we keep taking call on that, we'll keep you posted about it.

**Shreyans Gathani:** Got it. So -- but for Apollo, we're not looking to, you know, raise funds in any time, anytime soon, because...

- Management:** I would reserve my answer for this. You know, there are certain things which we are contemplating as and when the Board gives the kind of an approval, I think, we will reach out to you for packaging.
- Shreyans Gathani:** Okay. And my last question is, since the QRSAM, you know, order is out. The order value and BDL, BEL expects the order to come in March. So, if now given that it's out, like, could you quantify like, what would be our contribution to QRSAM?
- Management:** QRSAM a good contribution is there. And it is in RFQ stage, you know, like, BEL, BDL, you know they're participating in this thing. Sanction has come and they're participating in a tender. I think before March, Bell and BDL is expecting order. Maybe we are also expecting before March or maybe first quarter of next financial year.
- Shreyans Gathani:** Right now, my question is like, the government has actually...
- Moderator:** Sorry to interrupt sir, but I request you to rejoin the question queue for follow up question as there are many participants left in the queue.
- Shreyans Gathani:** Okay. All right.
- Moderator:** Thank you. The next question is from the line of Nishita from Sapphire Capital. Please go ahead.
- Nishita:** Yes. So, I just wanted to ask, IDL is currently loss making by when do we envision it will be profitable?
- Management:** We have started taking certain initiatives. I think by Q2 next financial year, I think we should be in a position to make some good turnaround.
- Nishita:** Okay. Understood. And so our EBITDA margin, is that going to stay in the range of 26% to 28% for FY26 because I see that since past three quarters, there's been a lot of up and down in the EBITDA margin?
- Management:** Yes. As we told, quarter-on-quarter basis, the different product mix have a different margin profiles actually. So, broadly, it is all guided based on that actually. So, it will be varying in those ranges actually.
- Nishita:** Okay. Understood. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nilabja Dey from Ashmore Research. Please go ahead.
- Nilabja Dey:** Okay. Sir, another question I have that, sir, how -- what you are doing, many of the Indian, specifically you are focusing on the products. So, currently, your R&D spent around INR33 crores annually, if I'm not wrong, from the day you mentioned? So, like to know that what's your and many of you and you are closely working with DRDO.
- But beyond that, how you are scaling your R&D spends and also the hiring of the people, because as we understand from multiple industry people that getting the right kind of people in this, being

a very nascent industry is very difficult. So, specifically, can you throw some light on your talent acquisitions and R&D spend part?

**Management:**

So, we generally believe on retention mantra rather than a recruitment mantra. So, you have rightly understood that getting a new talent and then nurturing them is very difficult. And already an existing talent to what do you call recruit, who is already working in some other places also not so very easy because there are different disciplines in which we are working electronics, electromechanical and a mix of various other systems.

So coupled by a domain knowledge or domain expertise to a certain extent, which will make them a proper calling as a talent primarily. Okay. This community as a defense systems and particularly more so in the areas where we are working, there are very limited resources available, but what we do is that, you know, there are some existing seniors who have more than 15, 20 year's experience, we are retaining them.

More than five to eight year's experience of team leaders, we are retaining them. And over and above that certain talent of 0 to 2years experience, freshers we recruit and we nurture and we hold on to them. It's not that freshly every time at new talent and all. Over and above that we are complementing them with experts in the specific domain of that particular area, who are retired scientists from the different labs of DRDO.

And in some places the production engineering and quality sides experts who have already got retired from different PSUs, maybe BDL, we have people who are retired from HAL, from Bharat Electronics, from modern inspectors like that. So this is our mix with which we actually pull our overall R&D as a resource.

**Nilabja Dey:**

Okay. Thank you, sir. Thanks a lot.

**Moderator:**

Thank you. The next question is from the line of Riffat Fatma from Yashwi Securities. Please go ahead.

**Riffat Fatma:**

Hi, good afternoon. Yes. So my question would be on ideal side. So when can we expect Ideal Financials to get consolidated with Apollo Micro?

**Management:**

Q3.

**Riffat Fatma:**

Q3. Okay. And what are the margins that we can expect then?

**Management:**

So currently, ideal is a loss-making company at EBITDA level actually. As I was telling the other investor also that we are doing -- we have started taking some overall initiatives in that. And to a certain extent we have been successful in certain areas. Not much I'll be able to divulge on a call or other things. But you will see a lot of improvement coming in from the next financial year in the Ideal as well. That's how I can broadly comment as the day stands.

**Riffat Fatma:**

Okay. Thank you so much.

**Moderator:**

Thank you. The next question is from the line of Dhaval Jain from Sequent Investments. Please go ahead.



- Dhaval Jain:** Sir I just wanted to get an update that you had mentioned earlier that our order book would be almost 3x of our FY25 order book. Are we on track to achieve that because you just said that we have an order book close to INR800 crores right now?
- Management:** Yes, Dhaval. So we have initially given a guidance by March, you know, we will be having owing to some large caps projects which we were expecting. As the day stands, it is actually going on track. We are also fingers crossed waiting keenly for it. Even if it in case misses by March, you know, by first quarter, it should happen. That's what, you know, we are feeling.
- But AON is much awaited, the various stages of crossing the AON has already passed through is what we are understanding from our customer as of now. I think very soon AON approval should be coming. As soon as the AON approval comes, it's as good as a project primarily for us.
- But expecting that this thing is going to happen as I told during the beginning of this thing itself that we have fully gearing up for the full flesh production of it. And both in terms of the integration and in terms of the explosive chain and all other aspects we are getting fully geared up by the time the order hits into our records, we'll be able to quickly start the production. That's how, you know, broadly I can give a guidance to you.
- Dhaval Jain:** All right. So is this order based on we getting the MIGM order that we and BDL are the two companies in it? Is that the understanding right?
- Management:** MIGM is one of the case. Even QRSAM is -- that is also from QRSAM also we are expecting big orders, okay. And ESWT also, ESWT also we are expecting big orders. Like ALWT already, DIC approval has come and that part from that program also we are expecting some orders.
- Dhaval Jain:** Like just a clarification on this, like I, in the last concall you had mentioned that the MIGM order that we are expecting is around, I mean, a broad range of INR4,000 crores. So how what is the track of us getting this order by end of this FY26? Are we on track to get that order from the said agency?
- Management:** INR4,000 crores is not for Apollo alone. It's for Apollo, BDL put together, okay. And the second part of your question I already answered that AON we are expecting any moment. Hopefully if, you know, it comes faster, the file movement takes place, the RFU comes in all by end of March, if it comes, it's welcoming.
- If it misses also by Q1, it should be coming, but we are closely monitoring it, but the preparedness is already there as if the order is already with us. That's how I can say, because that's how we are getting a follow up from our client as well. So accordingly we are getting fully geared up for that.
- Dhaval Jain:** Okay, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the Manoj Jain, who is an Individual Investor. Please go ahead.

- Manoj Jain:** Namaste, sir, and good afternoon and congratulations for the excellent set of numbers. My question is regarding this MIGM, which is that so far I gathered is that it's about INR4,000 crores order, which is going to be divided between BDL and you. And so it will be about INR2,000 crores opportunity for this company. Now my question is, has all the steps for getting this order been approved? So it's just we are waiting for the order. That's it or is it some other steps are needed for in order to, for this order to mature for us? If you can kindly guide it?
- Management:** In four stages, approval is required. What we heard from my colleague, my colleague is sitting in Delhi. Almost the third stage is going to get cleared any time. Once the third stage is clear, then it goes for the DAC approval. Anything like December, we are expecting -- before December end DAC approval, we are expecting.
- Manoj Jain:** Okay. And after that, it will come anytime. That approval, which is -- that means we are going to get after that, okay. So by March, maybe.
- Management:** Yes. After DAC approval, then RFQ, this thing, submission of this thing, negotiation, all those things will be there. Two months, three months' time it will take once after DAC approval.
- Manoj Jain:** Okay. Okay. Sir, okay. And my second question is that I'm hearing about the government approving big ticket orders, emergency acquisition and stuff like that. So means when would something from there percolate to Apollo? Like, all those big things with INR70,000 crores, INR1 lakh crores and all those things are happening. So something -- some orders from there, what do you expect to get something from there?
- Management:** Every approval, our contribution also is there. Once, it converted into order, we are also expecting good orders from all these programs.
- Manoj Jain:** I will...
- Management:** One of the clearance, DSA has given us INR72,000 crores of clearance, MOD has given INR35,000 crores something that, some novel-based recently also one clearance has come. Every, this thing now, our contribution is there and we are also expecting good orders from all these approvals.
- Manoj Jain:** Okay, sir. Okay.
- Management:** But if you're talking about single INR70,000 crores, I think, we do not have any opportunity eyeing for it, actually.
- Manoj Jain:** Okay. Something is percolate from there and you will get out of it. Okay. And one last pleasing question, which is that, that Unit 3 will become fully operational by which time?
- Management:** By June end is going to be fully operational, before June.
- Manoj Jain:** Okay, sir. Okay, sir.
- Moderator:** The next question is on the line of Rahul Shah, who is an individual investor.

**Rahul Shah:** Hello, sir. Great set of numbers. Hello.

**Management:** Yes.

**Rahul Shah:** Hello. Two questions. One was what would be the typical contribution of IDL on top-line and bottom-line in FY '27, '28? And secondly, is there a ESOP policy or some kind of a policy in place to retain talent in both IDL and Apollo?

**Management:** Presently, the complete share transfer agreement is likely to get completed in the next couple of weeks, sir. After which implementation of any ESOP and other things and all, how we have to do and all, we will have to think internally. The first -- the main elephant in the box, is how to overhaul the company and bring at a different this thing, okay.

That's something which is very important for us. That overhaul is what we are trying to do. Presently, at a -- improving the overall EBITDA margins and improving the PAT margins, bringing into a profit margins is something which is very important for us, actually, okay. That is something Phase 1 we will be doing. Subsequently, the other things we will be doing.

As I told to other investors also, a lot of things are planned. Continuously, we are working on IDL. Although the complete share transfer legally, it has not yet happened. All that management control, partially we have taken, we did not take fully. We have started implementing all those things. You will start getting to hear one after other whatever actions that we are taking in IDL from time-to-time, we will be very vocal about it. And we want all our investors to appreciate, how we are going to make this turnaround.

**Moderator:** The next question is from the line of Rajamohan, who is an individual investor.

**Rajamohan:** Yes. And congratulations on another great set of numbers. The new capacity, which would be 8 times our existing capacity. Going that way, the country is rapidly indigenizing, and we are converting to a better manufacturer from our subsystems. Could we say this capacity would be put to full use or optimum use over the next five years?

**Management:** If everything goes fine for the next three years also, it can happen. There are certain anti-submarine warfare rockets which are currently under advanced phase of development. We'll be going for trials and testing in next one and a half quarters from now. There are the matured underwater mine projects.

One already we are talking about that we are going to get a production order very soon. And there's another variant of mine which we have already developed. And one DRDO variant of mine is in the phase of development that also will hit production very fast. And there are ground-to-air rockets and ground-to-air guided rockets and GRAD rockets, which are under development.

There are other very small, miniaturized diver-carrying mines which are going for it. Top attack, anti-attack mines also will be developed. So there are bouquet of products, if I can count, I can tell you more than 12 to 13 fully -- full-fledged weapon products are -- will be hitting production in next two years on a very large-scale basis is what we are contemplating as of now, sir, actually.

So if all that fructifies and we are able to get orders for it, touch wood, I think, the facility may not be sufficient also. But as we know that, the defense projects are all staggered and it happens one after another, we feel -- we still foresee that we would still have a time for us to gear up further.

**Rajamohan:** It's extremely impressive, sir. And connecting that to the point that you indicated to getting some people for RF, how much further employee expertise in terms of external and probably international technology experts would we be needing in terms of percentage to the current employee base? Or is it not material, as we would be more converting the production to a production ecosystem, which could be done by incremental employee addition?

**Management:** So presently, there are no foreign employees that are there with us. All are Indian employees only. That's point one. Most of them are homegrown talent, kept within the company or working with the company for quite some time. And there are some new talent that we keep acquiring from time-to-time, which I have already told, who are domain experts and other things like.

As the day stands, both the R&D -- production from integration and testing, all the teams are sitting here. As the Unit 3 full-fledged operation starts from Q4 onwards, this financial year, the R&D team will continue to sit at the Unit 1, which is the corporate headquarter, and we are going to make it a little more robust. We are going to add up new capabilities in terms of the technologies and augment the overall methodological way of working of R&D also, like we may, we may add up an AI team going forward. We are already, we have started a full-fledged RF team.

Earlier RF team was a very limited team, but we have taken some core experts who just joined yesterday itself. And at the same time, certain technologies where we are not fully matured, we are going ahead and acquiring those companies actually, which are there in the frame, which we have been vocal for quite some time actually. So this is how the expansion overall is going to take place.

So specific to each technology, it will be an independent group by itself and specific to team, technological buildup groups will also be built in next few financial years, you will see like that. So like for specifically, for example, a Naval architecture or Naval based systems, a specific group will be formed. So that's how an independent group under that there will be a subgroups of core technological groups, which will be there. So this is all the overall chain of the Apollo as an R&D would be working as.

**Rajamohan:** Thank you very much, sir. And best wishes to convert to a successful complete weapons kind of organization.

**Moderator:** Thank you. The next question is from the line of Ajinkya Jadhav from KRIIS PMS. Please go ahead.

**Ajinkya Jadhav:** Yes. Thanks for the opportunity. In an answer to one of the participants, you said that, uh, we have a good capabilities on the Sonar end. If you can elaborate more on this and if you can let us know how we are trying to improve on this end?

- Management:** That is a great information actually.
- Management:** Basically torpedo homing system homing system. For lightweight torpedo and heavyweight torpedo and all. In fact, we are the only private company working on inside. Homing is nothing, but a seeker electronics in underwater. And also we are working on a decoy system, like torpedo decoy systems and all we are working. In fact, we are the only people working on decoy systems and torpedo homing system. So mining side BDL is a production agency identified as a second vendor. Technology development side we are going to people working.
- Ajinkya Jadhav:** Okay. Like are we there in the anti-submarine warfare, like LFVDS or ATAS?
- Management:** Yes, we are very much there.
- Ajinkya Jadhav:** Okay. So we have a collaboration with...
- Management:** We have a variety of ASW systems we are doing both on weapon side, as well as on the decoying side. This is an electronic warfare side, actually. So, that's where you can understand from this.
- Ajinkya Jadhav:** And for LFVDS, ATAS, Sonar, we have a collaboration with somewhere or like we develop this tech in your house?
- Management:** We have our own district center.
- Ajinkya Jadhav:** Okay. Got it.
- Management:** Last 35 years, we are working on Sonar side.
- Ajinkya Jadhav:** Okay. Got it. That helps. Thank you.
- Moderator:** Thank you. We will take that as our last question for today. I now hand the conference over to the management for closing comments.
- Management:** Okay. Thank you so much. So, we extend our sincere gratitude to Ministry of Defense Government of India for their continued trust in the defense manufacturing ecosystem. Their confidence reflected through substantial investments is a strong endorsement of our nation's industrial capabilities and innovation potential.
- We remain steadfast in our commitment to delivering advanced solutions that bolster operational readiness and strengthen national security. It is indeed an honor to serve the nation and we stand fully prepared to support our armed forces under all circumstances. I along with my managing director, Mr. Karunakar Reddy and our CFO, Mr. Sudarshan, extend our heartfelt thanks to all our esteemed investors and analysts for being with us today.
- Your continued trust and partnership mean the world to us. Your participation and feedback are invaluable to us. We remain committed to enhancing our performance and driving substantial growth. We look forward to welcoming you to our facilities where you will have the opportunity to observe our operations and initiatives at a ground level.

Should you have any further questions or wish to share your thoughts, please don't hesitate to contact our investor relations team or write to us at [investors.relations@apollo-micro.com](mailto:investors.relations@apollo-micro.com). Thank you once again for your time and trust. We look forward to reconnecting with you during our Q3 update. Wishing you all a great day ahead. Jai Hind. Happy Guru Purnima.

**Moderator:** On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

**Management:** Thank you so much.